



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20003

RQ-3

February 20, 2003

Jon Anderson, Treasurer
Georgia Federal Elections Committee
1100 Spring Street, Suite 710
Atlanta, GA 30309

Identification Number: C00041269

Reference: July Quarterly (4/1/02-6/30/02) and October Quarterly (7/1/02-9/30/02)
Reports

Dear Mr. Anderson:

This letter is to inform you that as of February 19, 2003 the Commission has not received your response to our requests for additional information dated January 29, 2003. These notices request information essential to full public disclosure of your federal election campaign finances. To ensure compliance with the provisions of the Federal Election Campaign Act (the Act), please respond to these requests (copies enclosed).

An adequate response must be received at the Commission by March 12, 2003. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter, please contact Jim Krebs on our toll-free number (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division) or our local number (202) 694-1130.

Sincerely,

John D. Gibson
Assistant Staff Director
Reports Analysis Division

Enclosures

2003 FEB 20 10 50 AM



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

RQ-2

Jon Anderson, Treasurer
Georgia Federal Elections Committee
1100 Spring Street, Suite 710
Atlanta, GA 30309

JAN 29 2003

Identification Number: C00041269

Reference: July Quarterly Report (4/1/02-6/30/02)

Dear Mr. Anderson:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Please be advised that the ballot composition ratio for allocation of administrative and generic voter drive expenses should be the same for state party committees in the same state. Schedule H1 of your report discloses the federal portion of administrative and generic voter drive expenses to be 25%. The federal portion is calculated by checking all the offices that will appear on the next general election ballot and dividing the points for federal offices by the total points for all offices. Please verify that your Schedule H1 adequately reflects what will appear on the next general election ballot. If necessary, please amend your report to include a corrected H1.

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule(s) B of your report to clarify the following description(s): "Qualifying Fee - Federal Candidate". For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Schedule H2 indicates the allocation ratio for "J02" was revised during the reporting period. Please provide the date of the fundraising program or event. In the case of a telemarketing or direct mail campaign, the "date" is the last day of the telemarketing campaign, or the day on which the final

GEORGIA FEDERAL ELECTIONS COMMITTEE

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direct mail solicitations are mailed. 11 CFR §106.5(f)(2) In the event that an excessive non-federal transfer was received, the excessive amount should be transferred back to your non-federal account.

-Schedule B supporting Line 21(b) of your report (pertinent portion(s) attached) discloses payments to Georgia Crown Distributing and MATSCO Incorporated for "Event Beverage/ Fed Portion Inkind" and "Flight Service -- Fed Portion Of Ink", respectively. Pursuant to Advisory Opinion 1992-33, the Commission concluded that a "national party committee may accept corporate in-kind donations in connection with fundraising activities" as long as "the federal share of goods or services is paid or transferred to the non-federal account in advance" of the acceptance of the corporate in-kind donations by the federal account.

Advisory Opinion 1992-33 also discloses a detailed method for reporting the receipt and use of in-kind contributions as follows:

1. The transfer of the in-kind corporate contribution from the non-federal account to the federal account should be disclosed on Schedule H3. The itemization on Schedule H3 should include the date the Committee received the in-kind contribution, the amount of the contribution and the fundraising event involved.
2. The use or expenditure of in-kind corporate contributions should be disclosed on Schedule H4 as non-federal share disbursements. The itemization should provide the same donor identification information required on a Schedule A for in-kind contributions for Federal elections.
3. A second entry on Schedule H4 should then disclose the advance or contemporaneous payment of the federal account's share of the in-kind corporate contribution to the non-federal account.

Please clarify the nature of these disbursements. If these activities are intended to disclose in-kind corporate contributions, please amend your report to properly disclose the in-kind corporate contributions received by your committee (example enclosed).

-Schedule H4 discloses payments made to credit card companies for shared federal and non-federal activity. Please be advised that these payments must identify as memo entries, the original vendors from which you have purchased an item or service regardless of the amount. Please amend your

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report by providing the name and mailing address of the original vendor, along with the date, amount and purpose of each expenditure. 11 CFR §104.10.

-Schedule H4 of your report appears to disclose disbursements associated with fundraising activities/events that have been incorrectly categorized as Administrative/Voter Drive expenses. Payments made for expenses relating to committee fundraising must adhere to the following reporting requirements:

1. A committee which allocates the costs of fundraising events between its federal and non-federal accounts is required to allocate the costs directly associated with a fundraising program or event according to the "funds-received" method. The fundraising ratio shall be estimated prior to each fundraising event based on the committee's reasonable prediction of its federal and nonfederal revenue from that event. The estimated percentage of federal funds received to nonfederal funds received for a fundraising event must be disclosed on a Schedule H2 with a unique identifier code and included with each report disclosing a disbursement for that event or program.
2. Any transfer received from your nonfederal account for the nonfederal account's share of fundraising expenses must be disclosed on a Schedule H3 identifying the date of receipt, amount, fundraising event and unique identifier code.
3. All disbursements for fundraising expenses which have been allocated between the federal and nonfederal accounts must be categorized as fundraising disbursements on Schedule H4. The date of disbursement, purpose of disbursement, unique identifier code, event year-to-date total and both the federal and nonfederal shares of the disbursement must also be provided.
4. The committee has up to 60 days after the ending date of the event to adjust the estimated allocation ratio based on the actual funds received.
 - a.) The Committee must report the adjusted ratio for the fundraising event on Schedule H2 and date of the fundraising event.
 - b.) If the adjusted ratio increases the federal portion of the fundraising ratio the federal account must make a transfer to the nonfederal

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account for any nonfederal over-payment of fundraising expenses on Schedule H4.

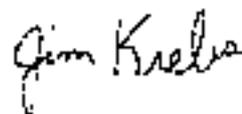
Please amend your report to properly disclose the payments made for "fundraising consulting fee" and "fundraising consulting fees" on Schedule H4.

-Please amend your report by providing the full name of the vendor identified as "Georgia Hispanic Cha" on Schedule(s) H4 supporting Line(s) 21(a).

-The totals listed on Lines 21(a)(i), 21(a)(ii), and 31, Column B of the Detailed Summary Page(s) appear to be incorrect. Please be advised that you should add the "Calendar Year-to-Date" total from your previous report to the current "Total This Period" figure from Column A to derive the correct Column B totals. Please amend your report and any subsequent reports that may be affected by this correction.

A response or amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,



Jim Krebs
Campaign Finance Analyst
Reports Analysis Division

**SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS**

Use separate schedules for each category of one Detailed Summary Page

FOR LINE NUMBER: (check only one)

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<input checked="" type="checkbox"/> 21b	<input type="checkbox"/> 22	<input type="checkbox"/> 23	<input type="checkbox"/> 24	<input type="checkbox"/> 25	<input type="checkbox"/> 26
<input type="checkbox"/> 25	<input type="checkbox"/> 27	<input type="checkbox"/> 28a	<input type="checkbox"/> 28b	<input type="checkbox"/> 28c	<input type="checkbox"/> 29

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributors from such committee.

NAME OF COMMITTEE (In Full)
Georgia Federal Elections Committee

A. Georgia Crown Distributing

Date of Disbursement: 04 / 04 / 2002

Mailing Address: P. O. Box 7908
City: Columbus, State: GA, Zip Code: 31908-

Purpose of Disbursement: EVENT BEVERAGE/FED PORTION INKIND

Amount of Each Disbursement this Period: 210.00

Category/Type: EVENT BEVERAGE/FED PORTION INKIND

Disbursement For: Primary General Other (specify)

Transaction ID: 0627200212E16223

B. Gordon & Schwankmeyer

Date of Disbursement: 08 / 30 / 2002

Mailing Address: 550 No. Continental Blvd. No. 180
City: El Segundo, State: CA, Zip Code: 90245-

Purpose of Disbursement: FUNDRAISING FEE

Amount of Each Disbursement this Period: 9367.94

Category/Type: FUNDRAISING FEE

Disbursement For: Primary General Other (specify)

Transaction ID: 0711200231E16792

C. Gordon & Schwankmeyer, Inc.

Date of Disbursement: 04 / 02 / 2002

Mailing Address: 550 N. Continental Blvd., Suite 180
City: El Segundo, State: CA, Zip Code: 90245-

Purpose of Disbursement: FUNDRAISING FEE

Amount of Each Disbursement this Period: 292.50

Category/Type: FUNDRAISING FEE

Disbursement For: Primary General Other (specify)

Transaction ID: 0711200231E16795

SUBTOTAL of Disbursements This Page (optional) 9870.44

TOTAL This Period (last page this line number only) 9870.44

**SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS**

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)

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<input checked="" type="checkbox"/>	21b	<input type="checkbox"/>	22	<input type="checkbox"/>	23	<input type="checkbox"/>	24	<input type="checkbox"/>	25
	26		27		28a		28b		28c
									29

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee

NAME OF COMMITTEE (in Full)
Georgia Federal Elections Committee

A. Full Name (Last, First, Middle Initial)
MATSCO, Incorporated

Date of Disbursement
04 / 04 / 2002

Mailing Address
1000 Kenview Drive

City: Marietta State: GA Zip Code: 30067

Amount of Each Disbursement this Period
1260.00

Purpose of Disbursement
FLIGHT SERVICE - FED PORTION OF INK

Candidate Name: _____ Category Type: FLIGHT SERVICE - FED PORTION OF INK

Office Sought: House Senate President Disbursement For: Primary General Other (specify) ▼

State: _____ District: _____ Transaction ID: 0627200212E16222

B. Full Name (Last, First, Middle Initial)
Secretary Of State

Date of Disbursement
06 / 24 / 2002

Mailing Address
Elections Division, Ste. 1104 2 MR Jr. Drive, W. Tower

City: Atlanta State: GA Zip Code: 30334

Amount of Each Disbursement this Period
30471.00

Purpose of Disbursement
QUALIFYING FEE - FEDERAL CANDIDATE

Candidate Name: _____ Category Type: QUALIFYING FEE - FEDERAL CANDIDATE

Office Sought: House Senate President Disbursement For: Primary General Other (specify) ▼

State: _____ District: _____ Transaction ID: 0711200229E16538

C.

SUBTOTAL of Disbursements This Page (optional)	31731.00
TOTAL This Period (last page this line number only)	41601.44

11. Prohibited In-Kind Donations for Allocable Activities

While contributions from corporations, labor organizations and federal government contractors are prohibited under federal law, they are permissible under some state laws. If that is the case, such donations may be accepted by a nonfederal account for strictly nonfederal activity. However, the allocation is more complicated when donations of goods or services from such sources are made in connection with allocable activity, such as a fundraiser at which both federal and nonfederal funds are collected.

In AO 1992-33, the Commission explained how a committee can legally accept an in-kind donation from a prohibited source in connection with an allocable administrative or fundraising activity. Note that the Commission has not addressed the receipt of in-kind donations from prohibited sources for the other types of allocable expenses (i.e., generic voter drives and candidate support activity).

Advance Payment of Federal Share

To avoid the receipt of a prohibited contribution by the federal account, that account must pay the nonfederal account for the federal share of the in-kind donation. This payment—a transfer to the nonfederal account—must be made in advance or on the date the goods or services are received.

Per-Transaction Transfers

The federal transfer may be made on a per-transaction basis—that is, shortly before or on the same day the in-kind donation is received.

Escrow Transfers

Alternatively, the federal account may make bulk transfers to cover the federal share of anticipated in-kind donations. Under this "escrow" arrangement, a committee makes a good faith estimate of the amount of in-kind donations that it expects to receive and transfers sufficient funds from the federal account to cover the federal share.

Adjustments

Should the federal account pay more than its share of an in-kind donation, adjustment transfers from the nonfederal account are permissible.

Basic Reporting of In-Kind Donations: Example

On October 1, a state party committee receives a \$5,000 in-kind donation of flowers from a corporation for a federal nonfederal fundraiser ("Chairman's Gala"). The estimated allocation ratio for the fundraiser is 50 percent federal and 50 percent nonfederal. That same day, the federal account transfers its share of the in-kind donation (\$2,500) to the nonfederal account.

Required Forms

- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses

Schedule H3—Receipt of In-Kind Donation

The committee reports the receipt of the in-kind donation as a transfer from the nonfederal account for the "Chairman's Gala" fundraiser. The date used here is the date the committee received the flowers.

RECEIPT OF IN-KIND DONATION (H3)

NAME OF ACCOUNT		DATE OF RECEIPT (MM/DD/YYYY)		\$
SECTION OF TRANSFER RECEIVED				
	REMINISCENT GIVE BACKS	DIRECT FUND- RAISING USES OF	ADMIN. ACTIVITY/GENERAL CANDIDATE SUPPORT	
0	Total Federal Amount (FUM) Paid			
41	Direct Fundraising Use (Event - Reported to ESW)			
30				
51				
52				

The Schedule H3 shows the nonfederal account's receipt of the \$5,000 in-kind donation of flowers on October 1.

